



Department of Justice

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TWO JAPANESE ELECTRODE PRODUCERS TO PLEAD GUILTY **IN INTERNATIONAL PRICE-FIXING CONSPIRACY**

More Than \$300 Million in Criminal Fines Obtained in Graphite Electrodes Investigation, To Date

WASHINGTON, D.C.-- Two Japanese graphite electrodes producers--SEC Corporation and Nippon Carbon Co. Ltd.--today agreed to plead guilty and pay criminal fines totaling \$7.3 million for conspiring to fix the price and allocate the volume of graphite electrodes sold in the United States and elsewhere, the Department of Justice announced. SEC of Hyogo, Japan agreed to pay a \$4.8 million fine and Nippon of Tokyo agreed to pay \$2.5 million.

The separate criminal cases, filed today in U.S. District Court in Philadelphia, charge that SEC and Nippon participated in a conspiracy to suppress and eliminate competition in the graphite electrodes industry in the U.S. and elsewhere from at least as early as July 1992 until at least June 1997. As a result, steel makers paid noncompetitive and higher prices for graphite electrodes used in manufacturing steel products that are integral to a variety of business and consumer items.

Graphite electrodes are large columns used in electric arc furnaces in steel-making "mini-mills." This method of making steel is the fastest growing in the U.S., and now accounts for 50 percent of the steel manufactured in this country. The electrodes generate the intense heat necessary to melt scrap and further refine steel. Total sales of graphite electrodes in the U.S. were approximately \$1.7 billion during the term of the charged conspiracy.

“Our prosecutions of the international graphite electrodes cartel will have resulted in fines totaling more than \$300 million if the pending cases are approved by the Court,” said Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division. “We will continue to pursue any entity, U.S. or foreign, involved in cartel activity that preys upon American businesses and consumers.”

These are the seventh and eighth cases resulting from the Justice Department’s ongoing criminal investigation into anticompetitive practices in the graphite electrodes industry. In the past two years, the following companies and individuals have pled guilty to participating in the graphite electrodes conspiracy:

- UCAR International, the world’s largest producer of graphite electrodes, was sentenced to pay a \$110 million fine;
- UCAR’s former Chief Executive Officer, Robert Krass, has agreed to serve 17 months in jail and pay a \$1.25 million fine;
- UCAR’s former Chief Operating Officer, Robert Hart, has agreed to serve nine months in jail and pay a \$1 million fine;
- SGL Carbon AG, a German corporation, was sentenced to pay a \$135 million fine;
- SGL’s Chief Executive Officer, Robert J. Koehler, was sentenced to pay a \$10 million fine--the largest antitrust fine ever imposed on an individual;
- Showa Denko Carbon Inc., a U.S. subsidiary of a Japanese firm, was sentenced to pay a \$32.5 million fine; and
- Tokai Carbon Co. Ltd., a Japanese corporation, was sentenced to pay a \$6 million fine.

The Carbide/Graphite Group of Pittsburgh, another producer of graphite electrodes, previously announced that it has been accepted into the Antitrust Division’s Corporate Leniency Program. Carbide/Graphite, SGL, Showa Denko, UCAR, Tokai Carbon, Koehler, Krass, Hart, SEC and Nippon have all agreed to cooperate in the Department’s ongoing investigation.

SEC and Nippon are both charged with violating Section One of the Sherman Act, which carries a maximum penalty of a \$10 million fine for companies. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's Philadelphia Field Office and the Federal Bureau of Investigation in Philadelphia.

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